

Navigating the Health Insurance Jungle

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Resources

- AARP: <http://www.aarp.org/>
- Medicare: <http://www.medicare.gov/>
- Medicaid: <http://health.utah.gov/medicaid/>
- A Consumer's Guide to Getting and Keeping Health Insurance in Utah: <http://www.healthinsuranceinfo.net/state-coverageguides/Utah-HealthInsuranceGuide.pdf>
- Health Care Reform: <http://www.healthreform.gov/>

Health insurance has become one of the most complicated issues facing Americans today. This is especially true for older Americans who must be extra careful in managing their health insurance. Not only are their health costs rising, but their access to insurance can be tenuous—particularly if they are considering retiring before the age of 65.

Why is retiring before the age of 65 such a daunting leap of faith when it comes to health insurance? Well, the easy part of the answer is that at age 65, individuals are eligible for insurance through the federally run Medicare program. However, before that point the number of insurance options available to potential retirees are relatively few and most are quite expensive. So, what can you do if you're younger than 65 and already have retirement confetti in your hair? Well, we don't have all the answers, but here are

a few things you might want to consider in your quest for coverage.

An unlikely source... going back to work.

Perhaps the simplest path to continuing health insurance—and the irony of this isn't lost on any of us—is to get a job. Employer-provided insurance is often the easiest way to acquire health care coverage. This is especially true for individuals who cannot obtain insurance on their own because of pre-existing conditions. Maybe a part-time position that allows you to access some kind of group plan is in your future.

Private insurance policies: not always an option.

Another possible route to bridge your post-retirement/pre-Medicare years is to purchase individual health insurance. While this option does allow for the most flexibility—given you can get the insurance company to issue you a policy—it can also be the



If you want to retire early, you need to beef up your pension or 401k and also line up some health insurance to cover you to age 65.

most expensive. Because of that, it is important to determine just how much per month you would be able to spend on your health insurance. Likewise, it is critical to know exactly what the insurance will cover and what kind of co-payments you should expect. Also, does this policy cover prescription drugs? That answer alone could make or break your decision.

Continuing coverage with most recent employer.

You may be able to continue your coverage with your current employer—or union, religious organization—after you retire. For example, some employers allow retirees to remain on the rolls of their group policy, but instead of subsidizing premiums the retiree must cover the entire amount.

Unfortunately, not all organizations offer this route, so to buy yourself some time, you may want to temporarily continue your coverage through the COBRA provisions of your current policy—ask your HR or benefits officer for more information. This allows you to continue your current policy, for up to 36 months, in some cases, if you meet some fairly easy requirements.

Last resort? Medicaid.

You could also find yourself in a rather desperate position where you can't get private coverage, you've exhausted your COBRA coverage, and can't find work or are unable to work. What then? There is a last resort safety net—very last resort, mind you—and you may already know about it: Medicaid. This often-heard-of though not-as-well-understood program provides some medical services to the most desperately in-need individuals in society. If you are an early retiree (without children at home) and find yourself without coverage and your income and asset levels have become severely

limited you may qualify for primary care and some prescription coverage through Medicaid. If your income is greater than the limits set by the program it may still be possible to receive Medicaid benefits, given you meet all the other requirements and you are deemed “medically needy.”

Facing the realities of our day and age.

Needless to say, the picture for health insurance coverage for an early retiree can appear rather bleak. As the healthcare industry in our country currently operates, individuals who are 50-plus, and aren't working, face some serious barriers to coverage. While there are options available, if you are serious about retiring early you better start planning not only for making your pension or 401k beefy enough, but also lining up some health insurance that will carry you through to age 65.

Health care reform.

At the time of this article's writing, Congress was still in the process of negotiating the details of a health care reform bill. It is too early at this point to say precisely what the bill may entail, assuming it passes it all. However, several tentative proposals currently under consideration specifically address early retiree

Under the proposed plan, the government would offer financial assistance to employers that provide health insurance to early retirees.

For those early retirees without access to health insurance through their previous employers, a proposed Health Insurance Exchange creates a marketplace for selecting affordable insurance plans, which may include a public option. While the ultimate content of the bill is still uncertain, health care reform could provide more options for early retirees in the future. ✎